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EXAMINER

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/467,646
Filing Date: December 20, 1999
Appellant(s): HERBST ET AL.

Peter K. Trzyna
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 10/27/2004 and the Supplemental Appeal
Brief filed 11/08/2004.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) *Summary of Invention*

The summary of invention contained in the brief is correct.

(6) *Issues*

The appellant's statement of the issues in the brief is correct.

(7) *Grouping of Claims*

Appellant's brief includes a statement that claims 1-51 do not stand or fall together and provides reasons as set forth in 37 CFR 1.192(c)(7) and (c)(8).

(8) *Claims Appealed*

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) *Prior Art of Record*

Morris et al., "Your Guide to Understanding Investing", published by Lightbulb Press, Inc., year 1999.

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1, 9-15, 20, 25-36 and 40-44 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rebane (US Patent No. 6,078,904).

As per claim 1, Rebane discloses a computer-aided method for operating a customizable investment fund. Rebane discloses receiving at a central computer, digital signals from a first computer specifying a custom set of investments for a fund; generating at the central computer digital signals for acquisition of investments consistent with the first digital signals and the second digital signals, entering transaction data at the central computer reflecting the acquisition of the investment and outputting a separate accounting for each set of investments within the fund. Applicant is directed to column 14, lines 27-55, and figures 2, 5 and 7 of Rebane. Rebane does not explicitly recite receiving a second digital signal from a second computer specifying a custom set of investments for the fund. Such would have been obvious to one of ordinary skill in

the art because Rebane deals with a plurality of remote clients that may choose to invest or buy in one or more fund.

As per claims 9-10, checking for errors made in the specifying step and respectively testing the digital signals specifying a custom set of investments to ensure compliance with specifying rules would have been obvious to do in the system of Rebane in order to comply with the SEC and the clients main investment objective so as to avoid fines from the SEC or complaints from the clients.

As per claim 11, limiting composition of a set of investment and limiting a minimum amount of an investment is current practice when investing in a type of funds. Doing the same in Rebane would have been obvious to one of ordinary skill in the art so as to adhere to the normal practice of investing.

As per claim 12, subsets of the sets are similar to the amount, types of securities involved in the type of funds. Outputting an accounting for each subset would have been obvious to do in the system of Rebane so as to be informed how well certain stocks in a fund are performed, thereby figuring which stocks to sell or buy. See page 105 of Morris et al.

As per claim 13, specifying first client rules for the set of investments and storing the first client rules is taught on column 13, lines 45-67 of Rebane.

As per claim 14, changing the set of investments such that the fund is a dynamically ongoing fund is taught on column 13, lines 27-45 of Rebane and page 109 of Morris et al.

As per claim 15, note column 15, lines 20-53 of Rebane.

As per claim 20, Rebane teaches a cash management account for managing a client's investment. See column 11, lines 15-44 of Rebane.

As per claims 25-26, entering current market prices for investments to facilitate accounting is taught by Rebane. Note column 31, lines 24-45 of Rebane.

As per claim 27, the step of reallocating one of the investments from one set to another set at a current market prices and responsive to respective buy and sell signals is discussed in claim 27 of Rebane. Reallocating one of the investments from one set to another set at a current market prices and responsive to respective buy and sell signals from the first and second computers, wherein the reallocating does not include the bund buying or selling the one investment would have been obvious to one of ordinary skill in the art because other types of gains can be used to reallocate funds for one of the investments so as to maximize gains from a fund that is more profitable.

As per claims 28-29, 31, the accounting and the implementing are performed in real time.

As per claim 30, imposing a limit order is taught by Rebane. See column 10, line 65 to column 11, line 5 of Rebane.

As per claim 32, access of the system of Rebane can be via the Internet having related web pages. See column 9, lines 30-43.

As per claims 33-34 see column 9, lines 30-43 and column 10, lines 26-67 of Rebane.

As per claim 35, note figure 5, column 9, lines 30-55 and column 10, 25-54 of Rebane.

As per claim 36, note column 11, line 5 to column 12, line 39 and figure 5 of Rebane.

As per 40, note columns 11 and 12 of Rebane.

As per claim 41, access of the system of Rebane can be via the Internet having related web pages. See column 9, lines 30-43 of Rebane.

As per claim 42, claim 42, recites a client's demographic and financial profile in determining the best type of investment for the client or investor. Applicant is directed to column 4, lines 28-35 and column 6, lines 19-67 of Rebane.

As per claim 43, note column 5, line 16 to column 6, line 67, column 4, lines 28-35 and column 10, lines 27-36 of Rebane.

As per claim 44, column 11, line 45 to column 12, line 8 of Rebane.

Claims 2-8, 16-19, 21-24, 37-39 and 45-51 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rebane (US Patent No. 6,078,904) in view of Morris et al. ("Your Guide to Understanding Investing").

As per claims 2-8, interest-bearing assets, equity asset investments are not explicitly discussed by Rebane. Morris et al discuss various types of funds. See pages 98-115 of Morris et al. Generating digital signals for acquisition of equity asset investments, interest-bearing assets and derivatives would have been obvious to one of ordinary skill in the art at the time of the invention to do in the system of Rebane as taught by Morris et al because the objectives of a specific type of investment fund would have targeted the securities that the fund is being invested into.

As per claim 16, Rebane does not explicitly teach receiving at the central computer, digital signals from one of the first and second computers specifying automatic reinvesting of client income and client capital gains using the stored client rules. The Examiner notes that reinvesting of client income and client capital gains is usually done in an investment system. Such a limitation is taught by Morris et al on pages 101, 109 and 113. It would have been

obvious to one of ordinary skill in the art at the time the invention was made to automatically reinvest client income as taught by Morris et al. in Rebane in order to maximize the potential profit for a client.

As per claim 17-19, client rules are taught by Rebane. Market conditions usually cause a fluctuation of prices of securities and funds. See page 110 of Morris et al. Rebane does not explicitly teach digital signals from one of the first and second computers specifying rebalancing using the stored client rules. Rebalancing an investment is well practiced in an investment plan or strategy. Such is usually done whenever a particular investment such as the purchasing or selling of a particular fund or securities does not bring expected returns. Thus, rebalancing using the stored client rules would have been obvious to do in the combination of Rebane and Morris et al. in order to maximize the profit returns of a client.

As per claims 21-23, Rebane discloses retrieving the stored first client rules in implementing the new transaction order with changed investments. Note column 13, lines 28-67 and column 15, lines 20-54 of Rebane. Reinvesting client income and client capital gains is taught by Morris et al. on pages 101, 109-110 and 113. It would have been obvious to one of ordinary skill in the art at the time the invention was made to incorporate the teachings of Morris et al. into Rebane in order to maximize the potential profit for a client.

As per claim 24, see the rejection of claim 18 above.

As per claims 37-39, connecting the central computer to a banking computer system in making a funds transfer or to an insurance company computer system in funding a variable annuity is not explicitly taught by Rebane and Morris et al. Doing so in the combination of Rebane and Morris et al. would have been obvious to one of ordinary skill in the art at the time

of the invention in order to facilitate access of information and access of funds to perform a transaction.

As per claim 45, see pages 100 and 104 of Morris et al.

As per claims 46-51, interest-bearing assets, equity asset investments are not explicitly discussed by Rebane. Morris et al. discusses various types of funds. See pages 98-115 of Morris et al. Generating digital signals for acquisition of equity asset investments, interest-bearing assets and derivatives would have been obvious to one of ordinary skill in the art at the time of the invention to do in the system of Rebane as taught by Morris et al because the objectives of a specific type of investment fund would have targeted the securities that the fund is being invested into.

(11) *Response to Argument*

Appellant argues that Rebane fails to teach or suggest features of claims 1, 9-15, 20, 25-36 and 40-44 and states that the Examiner erroneously equates “an investment fund” with “an investment” or a “set of investments”.

In response, the Examiner does not equate or assert that an investment fund is an investment or a set of investments as the Appellant indicates. In the prior Office action, it is stated that “Rebane discloses a computer-aided method for operating a customizable investment fund”. See page 2 of the prior office action. This is a direct quote found in the abstract of Rebane. An investment fund is an investment fund in the same broad context as claimed by applicant and taught by Rebane. In the system of Rebane, it is noted that a remote user or investor accesses the computerized system of Rebane for performing financial transactions. In so doing, Rebane teaches:

Receiving at a central computer, first digital signals from a first computer specifying a custom set of investments for a fund (see column 13, lines 29-45 and column 14, lines 41-55). Rebane further teaches receiving at the central computer, second digital signals specifying a custom set of investments for the fund (column 13, line 46 to column 14, line 8). Rebane also discloses generating at the central computer, digital signals for acquisition of investments consistent with the first digital signals and the second digital signals and entering transaction data at the central computer, reflecting the acquisition of the investments (see column 14, lines 8-19). Rebane also teaches outputting a separate accounting for each set of investments within the fund (column 14, lines 53-55). The only difference between the teachings of Rebane and claim 1 is that Rebane does not explicitly state that the second digital signals are from a second computer. However, it is noted that an investor may access the system of Rebane remotely. See column 14, lines 8-11 of Rebane. An investor in the system of Rebane thus has the option of using the same computer or a different computer to transmit the second digital signals to the system central computer of Rebane. It would have been obvious to one of ordinary skill in the art to transmit the second digital signals from a second computer because this is an online system which permits and facilitates remote access to the central computer system. Furthermore, it should be noted that the digital signals being received from a different computer is not an inventive concept. What should be at issue is whether or not two digital signals are received. These steps are clearly demonstrated to be taught by Rebane.

Appellant then argues that “the claim is directed to a customizable fund, so choosing a different fund is contradictory and makes no sense”.

In response, since Rebane deals with a plurality of remote clients, the remote clients may choose to invest or buy in one or more fund. Furthermore, Rebane allows an investor to later review and edit their customizable investment funds. See columns 13 to 15 of Rebane.

Appellant then argues that Rebane does not teach “first digital signals from a first computer specifying a custom set of investments for a fund and receiving at the central computer, second digital signals from a second computer”.

In response, Rebane clearly teaches the computer system 200 includes communication links and a network interface and a communications interface network. See column 9, lines 30-55. Rebane also teaches conducting an interactive dialogue with an investor (column 10, lines 2-5) and accessing the system using an online access system. See column 14, lines 8-19. Thus, the illustration of only one computer in Rebane is merely for illustration purpose and does not reflect that the system of Rebane uses only one computer. Similarly, while the specification of Rebane refers to “an investor” or “the investor”, it certainly does not mean or imply that there exists “only one investor” using or investing or acting as a customer in the system of Rebane. One of ordinary skill in the art is presumed to know more than what is disclosed in the prior art. Furthermore, online systems, communications gateways imply more than one computer.

Applicant’s comments that Rebane does not teach a plurality of remote clients and that Rebane discloses an invention comprised of only one single computer system for determining the optimal investment portfolio for the investor are not convincing. It should be noted that the appellant’s claims do not recite one or more clients or a plurality of remote clients. The appellant’s independent claim 1, merely recites a first computer and a second computer that specify custom set of investments for a fund. The first and second computer can be interpreted

to belong for a same customer or investor having access to the central computer. The independent claim 1 does not recite that the first and second computers are or belong to “one” or to “a plurality of” clients. Even assuming that there exists a plurality of remote computers in the appellant’s independent claim 1, when viewing the teachings of Rebane, it would have been obvious to one of ordinary skill in the art to note that since Rebane is directed to the management of funds and provides online access and communication links with gateways, using various modules whereby each may be executed by a separate computer for providing faster computer processing. Having a plurality of client computers or computers for performing the various functions disclosed in Rebane would therefore have been obvious to one of ordinary skill in the art because Rebane would aim to have a plurality of investors to make profit for business purpose and for the maintenance of their system.

Appellant then stated that processing data cannot be obvious without a teaching of the data to be process, and that Rebane does not teach a custom set of investments from a first and second digital signals.

In response, Rebane clearly teaches that an investor accesses the online brokerage system, specifies a first set of investments for a fund, then may later review and edit the investment fund thus providing a second digital signals. These data are processed and reviewed for the acquisition of investments. See column 15, lines 1-54, column 14, lines 8-19 and figure 7 of Rebane.


In each of dependent claims 2-51, appellant argues that Rebane fails to teach a “customizable investment fund” related to the other claimed features found in each of dependent claims 2-51.

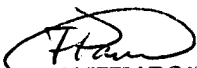
In response, the phrase “a customizable investment fund” is only recited in the preamble of claim 1. No further usage or reference is made to having or using that “customizable investment fund” found in the preamble. The remaining body of claim 1 deals with specifying a custom set of investments for a fund. A custom set of investments for a fund is treated as the acquisition of stocks and derivatives as would be directed by a profile of an investor. The different stocks or derivatives would therefore become a set of allocation of investment funds as recited throughout Rebane. Rebane teaches “allocating investment funds and specifying an investor’s probability preference at each of a plurality of monetary amounts relative to a monetary range...” (see the abstract, column 4, lines 36-67 and column 14, lines 41-55 of Rebane), thereby provides separate accounting for each set of investments within the fund. The Board is advised to note that the language in the claims is directed to the steps of receiving or generating or outputting signals for a “set of investment[s] for a fund”, not for “an investment fund” or “a customizable investment fund” as the appellant is arguing. Thus, the appellant’s submitted “Evidence” entitled “Fund Democracy,” by Jonathan G. Katz, March 28, 2001, as found on pages 67-96 of the Appellant’s Brief should not have any relevant to the instant claims since the instant claims and the contents of the article “Fund Democracy” are entirely different subject matter.

The Supplemental Appeal Brief filed 11/08/04 has been acknowledged by the Examiner and has been placed in the file.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

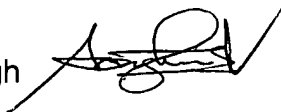

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